

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

June 16, 2008

Chief Investment Officer's

Consolidated Investment Activity Report

(April 2008 Reporting Period)

Market Environment – April 30, 2008

General Market Commentary

Global markets rebounded during April after experiencing a very rough first quarter in 2008. Both the US Federal Reserve and the Bank of England took action during April, cutting rates by 25 bps to 2.00% and 5.00% respectively. Crude oil prices reached a record high of just under \$119 during the month before falling back down to \$113.46 per barrel to end the month. The US economy grew 0.6% in the first quarter, even as commodity and food prices increased. The US dollar appreciated against the Pound, Euro, and Yen over last month.

Domestic and International Equities

The US equity market rebounded during April, returning 4.87% for the month of April (as measured by the S&P 500), its first positive month since October 2007. Growth stocks outperformed their value counterparts for the month, returning 5.25% versus value's return of 4.87% (as measured by Russell 1000 Growth and Value). International equities rose in April, with the MSCI EAFE up 5.56% in dollar terms (up 7.58% in local currency). Emerging markets returned 8.13% for the month (as measured by the MSCI EM Index).

Domestic and International Fixed Income

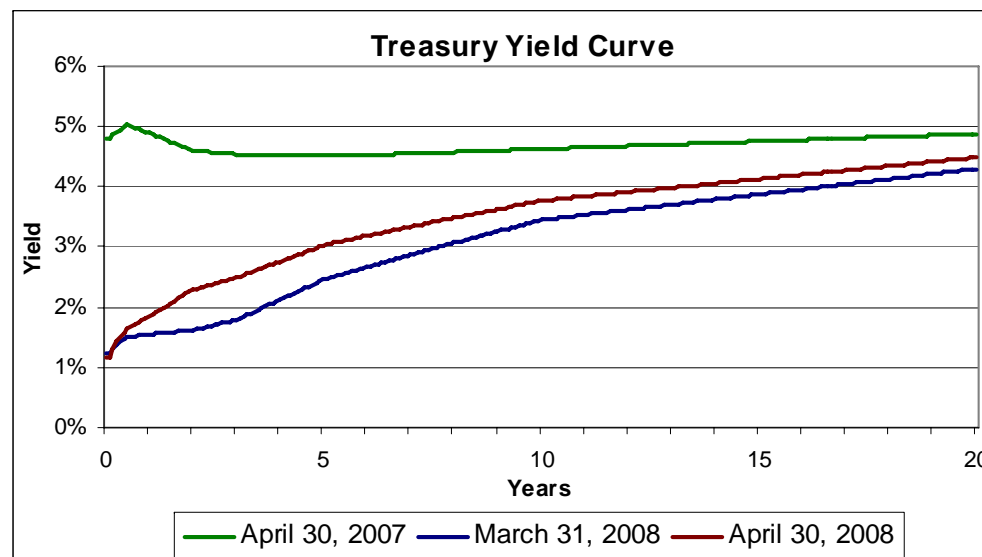
The Lehman Brothers Aggregate Bond Index returned -0.21% for April, outperforming US Treasuries' decline of -1.67% for the month (as measured by LB Treasury Intermediate Term Index). US TIPS were off -2.11% (LB US TIPS) during April. The high yield bond market returned 4.17% during the month, as measured by the Merrill Lynch High Yield Master II Index. International fixed income markets returned -3.59%, as measured by the Citigroup World Government Bond Index ex US (unhedged).

Real Estate

Real estate (as measured by the MSCI US REIT Index) was up for the month, jumping 6.04% in April. The NCREIF Index of Real Estate Properties returned a positive 1.60% for the quarter ended March 2008.

Private Equity and Absolute Return Strategies

The Venture Economics All Private Equity Index returned 22.30% for the 12 months ended December 2007 and 14.68% for the 10 years ended December 2007. Absolute Return Strategies (CSFB/Tremont Hedge Fund Index) returned 0.57% in April and 5.23% for the 12 months ended April 2008.



MARKET INDICATORS	4/30/2007	Direction	3/31/2008	Direction	4/30/2008
1m LIBOR (fixed in \$)	5.32%	▼	2.70%	▲	2.80%
Federal Funds	5.25%	▼	2.25%	▼	2.00%
10Y Treasury Note Yield	4.63%	▼	3.43%	▲	3.76%
30Y Treasury Bond Yield	4.82%	▼	4.31%	▲	4.50%
DJ-Wilshire 5000 Comp	14,914.86	▼	13,284.11	▲	13,930.84
S&P 500	1,482.37	▼	1,322.70	▲	1,385.59
NASDAQ Composite	2,525.09	▼	2,279.10	▲	2,412.80
FTSE 100 Index	6,449.20	▼	5,702.10	▲	6,087.30
Nikkei 225 Index	17,400.41	▼	12,525.54	▲	13,849.99
Yen/\$ (Dollar Strength)	119.440	▼	99.850	▲	104.530
Euro/\$ (Dollar Strength)	0.749	▼	0.633	▲	0.642
GBP/\$ (Dollar Strength)	0.500	▲	0.504	▲	0.504
Crude Oil per Barrel	\$ 65.71	▲	\$ 101.58	▲	\$ 113.46
Gold (\$/oz Daily Spot)	\$ 677.00	▲	\$ 933.50	▼	\$ 871.00
GS Commodities Index	\$ 474.46	▲	\$ 668.91	▲	\$ 721.07

CalPERS Asset Allocation – April 30, 2008

Summary

- Total Fund Market Value was \$248.4 Billion
- Total Fund Book Value was \$205.4 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Effective Market Value (\$ Billion)	Difference (Market – Book) (\$ Billion)
Domestic Equity ¹	\$51.9	\$79.1	\$81.3	\$27.2
International Equity	\$43.5	\$51.2	\$52.9	\$7.7
Global Equity	\$95.3	\$130.2	\$134.2	\$34.9
Domestic Fixed Income	\$53.1	\$57.3	\$57.3	\$4.2
International Fixed Income	\$5.1	\$5.5	\$5.5	\$0.4
Global Fixed Income	\$58.2	\$62.9	\$62.9	\$4.7
AIM	\$24.2	\$24.6	\$24.6	\$0.4
Real Estate	\$19.4	\$22.1	\$22.1	\$2.7
Inflation Linked	\$3.4	\$3.7	\$3.7	\$0.3
Cash Equivalents	\$4.9	\$4.9	\$0.9	\$0.0
Total Fund	\$205.4	\$248.4	\$248.4	\$43.0

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=\$204.0 million, Total Market Value=\$207.6 million.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 4/30/2008

Company Name	Equity Exposure			Total Equity Market Value	Fixed Income Exposure			Total FI Market Value	Real Estate Exposure (1)	TOTAL Market Value	% of Total Fund(3)
	Internally Managed Active	Externally Managed Passive	Externally Managed Active		Internal	External	Sec. Lending(2)				
GENERAL ELECTRIC	222,805,603	961,994,106	173,094,049	1,357,893,758	603,109,312	32,470,238	881,186,119	1,516,765,669		2,874,659,427	0.80%
EXXON MOBIL CORP	311,505,383	1,499,785,822	304,164,952	2,115,456,157				0		2,115,456,157	0.85%
CITIGROUP INC	84,509,703	383,548,060	92,177,910	560,235,673	571,633,091	17,676,370	265,560,873	854,870,334		1,415,106,007	0.46%
JPMORGAN CHASE & CO	120,442,713	473,863,297	132,447,130	726,753,140	366,484,469	42,653,241	98,997,600	508,135,310		1,234,888,450	0.46%
BERKSHIRE HATHAWAY	216,499,645	609,285,200	2,007,750	827,792,595	375,369,930			375,369,930		1,203,162,525	0.48%
WAL MART STORES INC	211,497,549	689,782,262	111,307,207	1,012,587,018	176,622,964	8,444,043		185,067,007		1,197,654,025	0.48%
BANK OF AMERICA CORP	86,180,128	494,735,906	91,260,228	672,176,262	478,251,987	25,641,890		503,893,877		1,176,070,139	0.47%
MICROSOFT CORP	159,082,421	790,446,060	139,099,199	1,088,627,680				0		1,088,627,680	0.44%
AT&T INC	150,179,897	689,703,812	171,034,290	1,010,917,999				0		1,010,917,999	0.41%
AMERICAN INTL GROUP INC	92,119,381	349,101,060	46,828,228	488,048,669	316,120,425	3,583,929	100,021,000	419,725,354		907,774,023	0.33%
CHEVRONTExaco CORP	122,648,171	603,418,170	158,095,695	884,162,036				0		884,162,036	0.36%
PROCTER + GAMBLE CO	133,694,415	618,978,780	93,749,712	846,422,907				0		846,422,907	0.34%
CONOCOPHILLIPS	134,580,342	391,707,854	82,231,640	608,519,836	229,544,134			229,544,134		838,063,970	0.34%
JOHNSON + JOHNSON	131,913,230	567,943,686	72,990,163	772,847,079				0		772,847,079	0.31%
ROYAL DUTCH SHELL		382,783,996	381,602,212	764,386,208				0		764,386,208	0.31%
GOOGLE INC	153,598,455	535,410,567	70,816,848	759,825,870				0		759,825,870	0.31%
VERIZON COMMUNICATIONS INC.	40,842,480	321,096,360	75,059,588	436,998,428	318,784,503	2,801,618		321,586,121		758,584,549	0.31%
INTERNATIONAL BUSINESS MACHINES	139,689,610	504,598,420	90,546,847	734,834,877	8,242,241	10,649,073		18,891,314		753,726,191	0.30%
GOLDMAN SACHS GROUP	81,558,449	211,616,946	73,185,246	366,360,641	316,505,238	7,353,812		323,859,050		690,219,691	0.28%
APPLE COMPUTER	106,074,884	466,133,815	100,448,471	672,657,170				0		672,657,170	0.27%

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of April 30, 2008

Total Fund Market Value: **\$248,437,145,339**

	Global Equity	Domestic Equity	International Equity	Global Fixed	Domestic Fixed	International Fixed	AIM	Real Estate	Inflation Linked ⁵	Cash ¹	Total Fund
Strategic Target Range %	51-61%			14-24%			7-13%	7-13%	0-5%		
Strategic Target %	56.0%	28.0%	28.0%	19.0%	17.0%	2.0%	10.0%	10.0%	5.0%	0.0%	N/A
Cash Market Investment %	52.4%	31.8%	20.6%	25.3%	23.1%	2.2%	9.9%	8.9%	1.5%	2.0%	N/A
Tactical Overlay % ⁴	1.6%	0.9%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(1.6%)	N/A
Effective Investment %	54.0%	32.7%	21.3%	25.3%	23.1%	2.2%	9.9%	8.9%	1.5%	0.4%	N/A
Variance % (Strategic vs. Effective)	(2.0%)	4.7%	(6.7%)	6.3%	6.1%	0.2%	(0.1%)	(1.1%)	(3.5%)	0.4%	N/A
Strategic Target \$ ^{2,3}	\$139.1	\$69.6	\$69.6	\$47.2	\$42.2	\$5.0	\$24.8	\$24.8	\$12.4	\$0.0	\$248.4
Cash Market Investment \$ ²	\$130.2	\$79.1	\$51.2	\$62.9	\$57.3	\$5.5	\$24.6	\$22.1	\$3.7	\$4.9	\$248.4
Tactical Overlay \$ ^{2,4}	\$4.0	\$2.2	\$1.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$4.0)	N/A
Effective Investment \$ ^{2,3}	\$134.2	\$81.3	\$52.9	\$62.9	\$57.3	\$5.5	\$24.6	\$22.1	\$3.7	\$0.9	\$248.4
Variance \$ (Strategic vs. Effective) ^{2,3}	(\$4.9)	\$11.7	(\$16.7)	\$15.7	\$15.1	\$0.6	(\$0.2)	(\$2.8)	(\$8.7)	\$0.9	N/A
% Passive	52.3%	65.1%	57.9%	0.0%	0.0%	0.0%	0.0%	5.1%	0.0%	0.0%	32.6%
% Active	47.7%	34.9%	42.1%	100.0%	100.0%	100.0%	100.0%	94.9%	100.0%	100.0%	67.4%
% Internal	60.0%	77.6%	61.5%	91.2%	100.0%	0.0%	0.0%	5.1%	54.0%	100.0%	63.7%
% External	40.0%	22.4%	38.5%	8.8%	0.0%	100.0%	100.0%	94.9%	46.0%	0.0%	36.3%

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

* When summing amounts on this report, there may be breakage.

* MDP Venture accounts included in MDP's primary asset class. MDP Fixed and CalPERS Hedge Fund roll to External Domestic Equity.

¹ Cash includes SMIF at STO.

² (\$ Billion)

³ Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

⁴ Approximately \$4.0 Billion notional in Equity Futures were purchased to equitize cash.

⁵ Commodities plus collateral: \$1,049,546,996

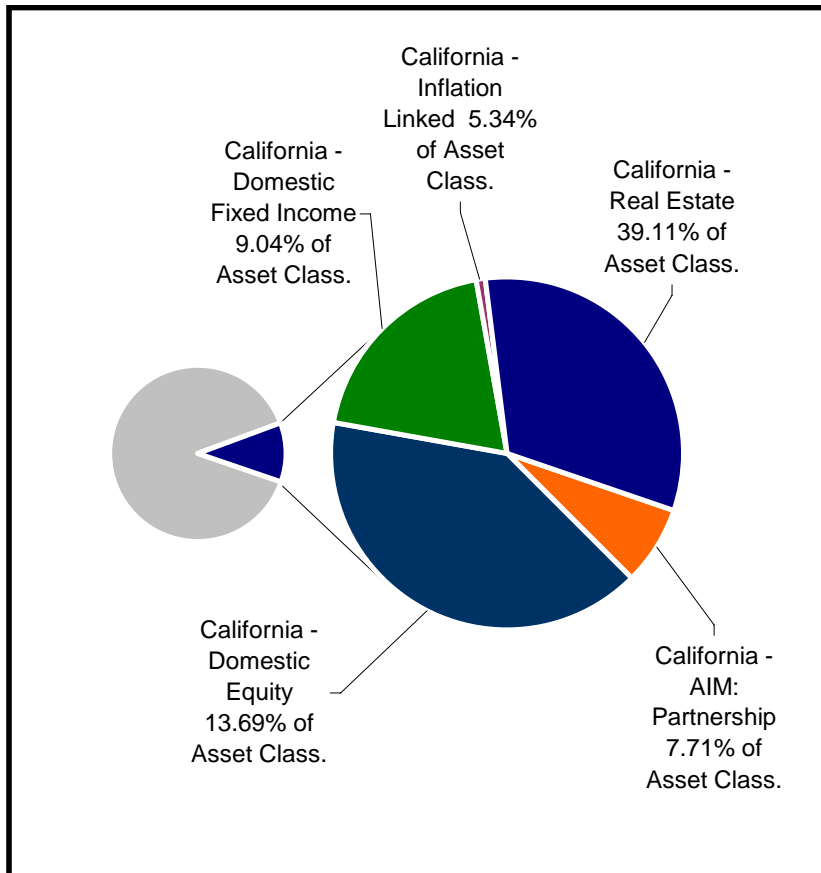
Private Market Commitment as of April 30, 2008							
AIM				Real Estate			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$24.63	9.91%	7-13%	Fair Market Value (FMV)	\$22.09	8.89%	7-13%
Unfunded Commitment	<u>\$26.40</u>	<u>10.63%</u>		Unfunded Commitment (as of 3/31/08)	<u>\$14.80</u>	<u>5.96%</u>	
Fair Market Value plus Unfunded Commitment	\$51.03	20.54%		Fair Market Value plus Unfunded Commitment	\$36.89	14.85%	
Infrastructure				Forestland			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$0.09	0.04%	0-0.6%	Fair Market Value (FMV)	\$1.63	0.66%	0-0.5%
Unfunded Commitment (as of 3/31/08)	<u>\$0.32</u>	<u>0.13%</u>		Unfunded Commitment (as of 3/31/08)	<u>\$0.04</u>	<u>0.02%</u>	
Fair Market Value plus Unfunded Commitment	\$0.41	0.16%		Fair Market Value plus Unfunded Commitment	\$1.67	0.67%	

CalPERS Investments in the State of California – April 30, 2008

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

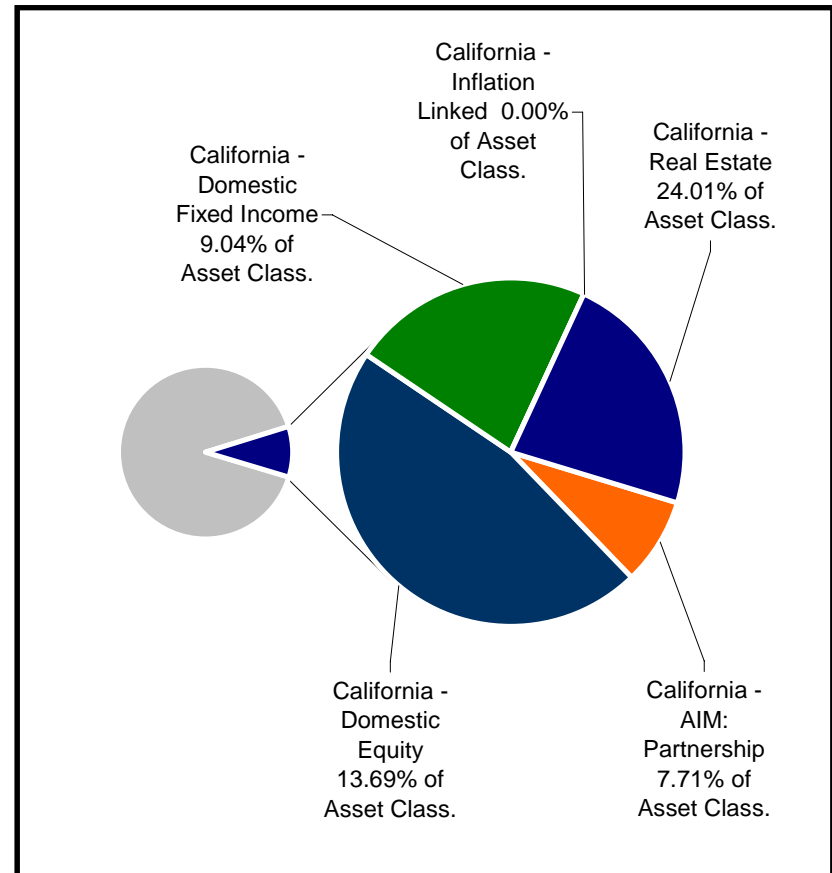
California Investments plus Additional Commitments

Current California Commitments at 4/30/2008 Total Fund %: 10.69%



California Investments

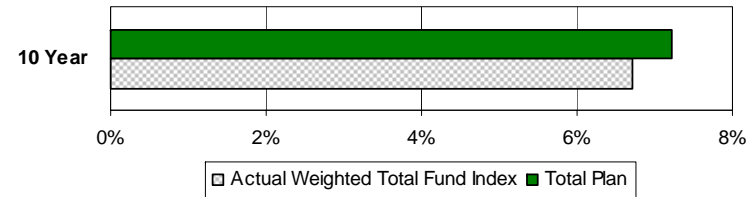
Current California Investments at 4/30/2008 Total Fund %: 9.34%



Performance Summary – April 30, 2008

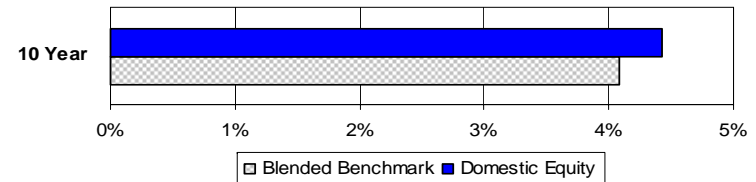
Total Plan:

Net Total Fund returns have met or outperformed the Actual Weighted Total Fund Index during the one month, fiscal year-to-date, three-, five-, and ten-year time periods. It has underperformed during the quarter and one-year periods. Ten-year net returns were 7.21% versus 6.72% for the actual weighted index.



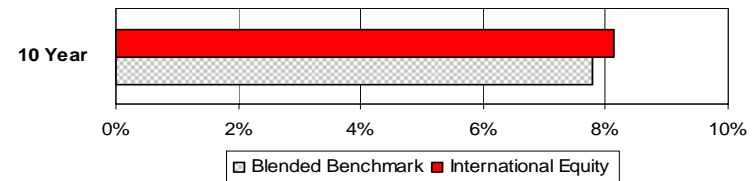
Domestic Equity:

Net Domestic Equity returns have underperformed the Blended Index in all time periods except the ten-year period. Ten-year net returns were 4.42% versus 4.09% for the blended benchmark.



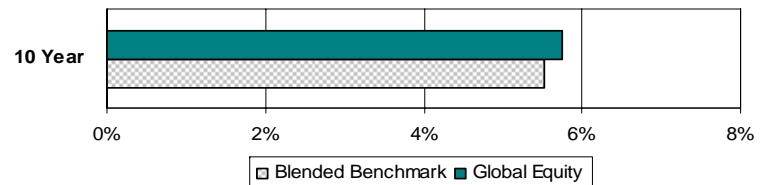
International Equity:

Net International Equity underperformed its benchmark in all time periods except the ten-year period. Ten-year net returns were 8.14% versus the 7.78% blended benchmark return.



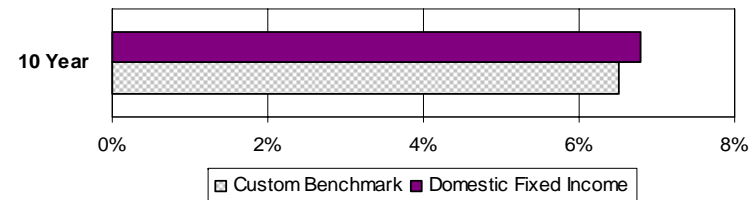
Global Equity:

Net Total Global Equity underperformed its benchmark in all time periods except the ten-year period. Ten-year net returns were 5.75% versus the 5.52% blended benchmark return.



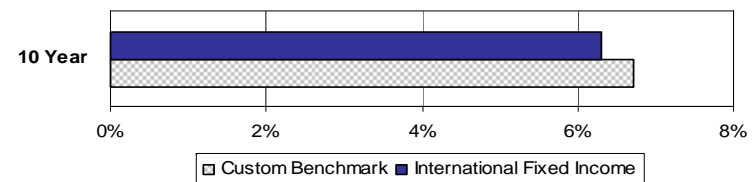
Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in the one month, three-, five-, and ten-year periods, but have underperformed in the quarter, fiscal year-to-date and one-year periods. Ten-year net returns were 6.80% versus 6.51% for the benchmark.



International Fixed Income:

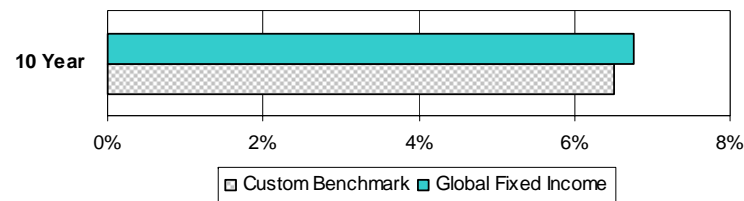
Net International Fixed Income returns have outperformed the benchmark in the one month, quarter and five-year periods. It underperformed the benchmark in the fiscal year-to-date, one-, three- and ten-year. Ten-year net returns were 6.31% versus 6.72% for the benchmark.



Performance Summary – April 30, 2008

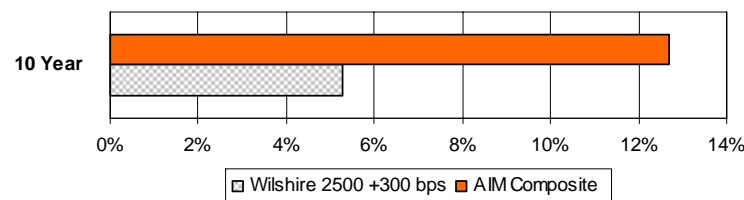
Global Fixed Income:

Net Global Fixed Income returns have exceeded the benchmark in the one month, three-, five-, and ten-year periods, but have underperformed in the quarter, fiscal year-to-date and one-year periods. Ten-year net returns were 6.77% versus 6.51% for the benchmark.



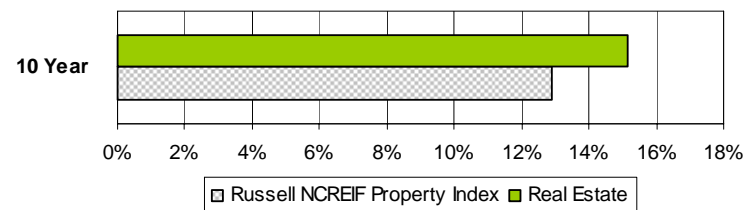
AIM Composite:

Net returns for the AIM Composite portfolio have exceeded the custom blended benchmark in all time periods except for the quarter period. Ten-year net returns for the AIM Composite were 12.69% exceeding the ten-year custom blended benchmark return of 5.29%.



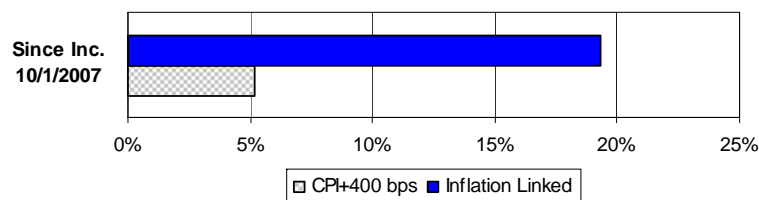
Real Estate:

Net returns for the Total Real Estate Portfolio have underperformed during the quarter, fiscal year-to-date and one year time periods. It has outperformed the index in the one month, three-, five-, and ten-year periods. Ten-year net returns were 15.15% versus 12.91% for the benchmark.



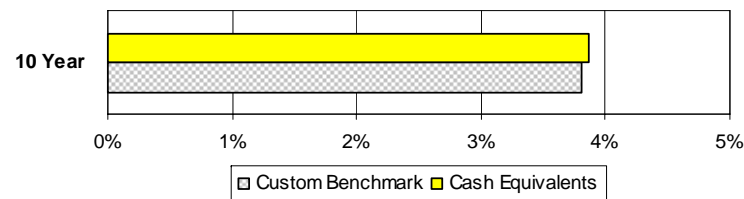
Inflation Linked:

Net returns for the Inflation Linked portfolio have exceeded the benchmark in the one month, quarter and since inception time periods. Since inception net returns were 19.32% versus 5.18% for the benchmark.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have underperformed the benchmark in the fiscal year-to-date, one-, three-, and five- year periods but outperformed in the one month, quarter, and ten-year periods. Ten-year net returns were 3.86% versus 3.81% for the custom benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending April 30, 2008

CIO SUMMARY REPORT - GROSS

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
TOTAL DOMESTIC EQUITY	32.0	79,506,525	4.87	0.84	-7.00	-4.89	8.79	11.37	4.46
<i>WILSHIRE 2500 EX TOBACCO (BLENDED)</i>			5.11	1.18	-6.13	-4.01	8.99	11.44	4.09
TOTAL INTL EQUITY	20.6	51,072,899	5.79	6.59	-1.38	2.35	18.80	22.45	8.20
<i>CALPERS FTSE ALL-WORLD EX US</i>			6.10	6.98	0.40	3.99	19.68	22.98	7.78
TOTAL GLOBAL EQUITY	52.3	130,044,652	5.20	2.97	-4.91	-2.28	12.31	15.17	5.80
<i>TOTAL GLOBAL EQ EX AIM BENCHMARK</i>			5.44	3.12	-3.91	-1.32	12.54	15.21	5.52
TOTAL DOMESTIC FIXED INCOME	23.1	57,343,579	-0.07	-0.70	7.75	5.83	5.37	5.79	6.80
<i>CALPERS CUSTOM LEH LPF (DAILY)</i>			-0.24	0.01	8.82	6.70	4.86	4.96	6.51
TOTAL INTL FIXED INCOME	2.2	5,509,870	-3.32	2.87	19.04	15.67	5.40	8.07	6.38
<i>CALPERS WORLD GOVT X US</i>			-3.43	2.61	19.01	15.62	5.51	7.85	6.72
TOTAL GLOBAL FIXED INCOME	25.3	62,879,218	-0.36	-0.27	9.00	6.93	5.37	6.14	6.78
<i>CALPERS TOTAL GBL FIXED INCOME POLICY</i>			-0.50	0.23	9.82	7.55	4.89	5.28	6.51
TOTAL AIM COMPOSITE	9.9	24,628,196	2.27	1.39	20.11	20.00	25.81	19.55	12.70
<i>CUSTOM YOUNG FUND</i>			1.49	4.54	15.96	19.54	18.84	15.49	5.29
TOTAL REAL ESTATE	8.9	22,071,648	0.63	3.22	8.21	9.58	26.12	24.01	17.76
<i>NCREIF PROPERTY 1 QTR LAG (DAILY)</i>			0.00	3.21	11.79	15.84	17.48	15.13	12.91
TOTAL INFLATION LINKED	1.5	3,746,391	7.22	10.22					
<i>CPI + 400 BPS</i>			1.17	2.97					
TOTAL CASH EQUIVALENTS	1.8	4,571,457	3.60	3.67	-2.57	-2.23	3.91	2.96	3.86
<i>PERS CUSTOM STIF NET OF FEES</i>			0.22	0.75	3.74	4.66	4.62	3.30	3.81
TOTAL FUND	100.0	248,437,145	3.13	1.97	1.31	2.75	12.18	13.46	7.40
<i>CALPERS POLICY INDEX</i>			3.07	2.43	1.83	3.18	11.16	12.44	6.62
<i>ACTUAL WEIGHTED TOTAL FUND INDEX</i>			2.92	1.99	1.09	2.80	11.13	12.44	6.72

Equity (SH4KA1, SHAKA1, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)

AIM (SJA1M); Real Estate 1 QTR Lagged (SJRKA1)

Inflation Linked (SX2CA1); Cash Equivalents (SJEKA1); Total Fund (SJ1CA1)

Currency Overlay is not included in Global Equity. CPI return is estimated.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending April 30, 2008

CIO SUMMARY REPORT - NET

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
TOTAL DOMESTIC EQUITY	32.0	79,506,525	4.86	0.82	-7.06	-4.96	8.73	11.32	4.42
<i>WILSHIRE 2500 EX TOBACCO (BLENDED)</i>			5.11	1.18	-6.13	-4.01	8.99	11.44	4.09
TOTAL INTL EQUITY	20.6	51,072,899	5.78	6.56	-1.47	2.24	18.71	22.36	8.14
<i>CALPERS FTSE ALL-WORLD EX US</i>			6.10	6.98	0.40	3.99	19.68	22.98	7.78
TOTAL GLOBAL EQUITY	52.3	130,044,652	5.20	2.95	-4.98	-2.36	12.25	15.11	5.75
<i>TOTAL GLOBAL EQ EX AIM BENCHMARK</i>			5.44	3.12	-3.91	-1.32	12.54	15.21	5.52
TOTAL DOMESTIC FIXED INCOME	23.1	57,343,579	-0.07	-0.70	7.75	5.83	5.37	5.78	6.80
<i>CALPERS CUSTOM LEH LPF (DAILY)</i>			-0.24	0.01	8.82	6.70	4.86	4.96	6.51
TOTAL INTL FIXED INCOME	2.2	5,509,870	-3.32	2.85	18.98	15.61	5.34	8.00	6.31
<i>CALPERS WORLD GOVT X US</i>			-3.43	2.61	19.01	15.62	5.51	7.85	6.72
TOTAL GLOBAL FIXED INCOME	25.3	62,879,218	-0.36	-0.27	8.99	6.92	5.36	6.12	6.77
<i>CALPERS TOTAL GBL FIXED INCOME POLICY</i>			-0.50	0.23	9.82	7.55	4.89	5.28	6.51
TOTAL AIM COMPOSITE	9.9	24,628,196	2.27	1.39	20.11	19.99	25.80	19.53	12.69
<i>CUSTOM YOUNG FUND</i>			1.49	4.54	15.96	19.54	18.84	15.49	5.29
TOTAL REAL ESTATE	8.9	22,071,648	0.63	2.70	6.33	7.27	21.02	19.81	15.15
<i>NCREIF PROPERTY 1 QTR LAG (DAILY)</i>			0.00	3.21	11.79	15.84	17.48	15.13	12.91
TOTAL INFLATION LINKED	1.5	3,746,391	7.20	10.20					
<i>CPI + 400 BPS</i>			1.17	2.97					
TOTAL CASH EQUIVALENTS	1.8	4,571,457	3.60	3.67	-2.57	-2.23	3.91	2.96	3.86
<i>PERS CUSTOM STIF NET OF FEES</i>			0.22	0.75	3.74	4.66	4.62	3.30	3.81
TOTAL FUND	100.0	248,437,145	3.13	1.92	1.12	2.52	11.87	13.17	7.21
<i>CALPERS POLICY INDEX</i>			3.07	2.43	1.83	3.18	11.16	12.44	6.62
<i>ACTUAL WEIGHTED TOTAL FUND INDEX</i>			2.92	1.99	1.09	2.80	11.13	12.44	6.72

Equity (SH4KA1, SHAKA1, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)

AIM (SJA1M); Real Estate 1 QTR Lagged (SJRKA1)

Inflation Linked (SX2CA1); Cash Equivalents (SJEKA1); Total Fund (SJ1CA1)

Currency Overlay is not included in Global Equity. CPI return is estimated.

Operations/Activity Reports

Closed Session Transactions

- There were zero (0) closed session transactions reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Activity Reports

- Staff prepares activity reports for the AIM, Real Estate, Risk Managed Absolute Return Strategies and Corporate Governance Programs. Detailed reports and investment summaries for these programs are included in the supplemental reporting document.

AIM Activity Report

Activity	Month	2005	2006	2007	2008 YTD	Since Inception
Investment Proposals Entered	37	316	300	444	129	7,222
Declined/Referred/Failed to Materialize	33	429	268	388	111	5,901
Deals in Screening	41	319	300	444	129	4,255
Due Diligence Reviews	21	59	61	76	20	763

Real Estate Investments Activity Report

Activity	Month	2005	2006	2007	2008 YTD	Since Inception *
Investment Proposals Entered	3	N/A	N/A	N/A	67	67
Declined/Referred/Failed to Materialize	0	N/A	N/A	N/A	52	52
Deals in Screening	3	N/A	N/A	N/A	12	12
Due Diligence Reviews	0	N/A	N/A	N/A	3	3
* As of January 2, 2008						

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2005	2006	2007	2008	Since Inception
Information Received	59	69	90	39	716
Declined	7	1	0	0	243
Deals in Screening	58	68	90	39	461
Due Diligence Reviews	18	52	66	10	175
Approved by ARS Board	7	9	8	1	41
Funded Investments (\$ Millions)	\$783	\$1,809	\$2,499	\$415	\$6,234

Corporate Governance Activity Report

Activity	Month	2005	2006	2007	2008 YTD*	Since Inception *
Investment Proposals Entered	4	N/A	N/A	N/A	4	4
Declined/Referred/Failed to Materialize	3	N/A	N/A	N/A	3	3
Deals in Screening	9	N/A	N/A	N/A	9	9
Due Diligence Reviews	9	N/A	N/A	N/A	9	9
* As of April 1, 2008						

Quarterly and Semi-Annual Reports

According to policy requirements, the following is summary information extracted from the quarterly and semi-annual report(s) prepared for Investment Committee consideration. Executive Summaries and Full Reports are available in the supplemental reporting document.

AIM Program Semi-Annual Report:

AIM Program Summary Exhibit II

Investment Category	Capital	IRR
	<u>Commitments</u> <u>w/Exited (\$mil)</u> ¹	<u>12/31/2007</u> ²
Buyout	\$425.0	NA
Co-Investments	681.0	1.2
Corporate Restructuring	23,678.6	14.6
Direct Investments	1,636.7	24.4
Distressed Securities	5,444.1	18.8
Expansion Capital	4,042.8	4.9
Investment Vehicles ³	8,893.8	6.6
Mezzanine Debt	723.5	2.1
Secondary Interests	1,362.3	18.2
Special Situations	1,148.1	5.6
Venture Capital	4,517.7	7.4
Total Commitments w/Exited	\$52,553.6	14.3

- As of December 31, 2007 the AIM Program had total exposure, the current reported value plus the remaining amount of funded commitments of \$44.5 billion and capital commitments with exited of \$52.5 billion.
- As of December 30, 2007 the AIM Program has generated a net internal rate of return ("IRR") of 14.3%. The inception date was March 1990. As of December 31, 2007, the ten-year rolling average return for the CalPERS Wilshire 2500 Index plus 300 was 9.9%. The public markets has had stellar returns over the past few years, and the performance of the AIM program has improved and should continue to go higher as there is typically a lag in the valuations in the private market to those of the public market. In addition, the AIM program is still young and only has an average age of 3.1 years and therefore the majority of the portfolio is still in the early stage of its investment life. To address the young age of the AIM portfolio, CalPERS adopted a short-term benchmark. The benchmark measures performance of partnerships in the first five years of life against Venture Economics' universe data. As of December 31, 2007, the AIM Program's young funds produced an IRR of 14.3%, which ranks above the Custom Venture Economics Young Fund Universe median return of 5.5%⁴. Analysis of alternative private equity benchmarks indicates that the Custom Venture Economics Young Fund Universe is a more representative benchmark for the AIM Program, as it compares the Program's young funds to a similar universe.

¹ Includes all active and exited commitments (in \$ millions) as of December 31, 2007.

² IRRs are provided by State Street PrivateEdge. The inception date for the AIM program is March 1990, but investment categories may have different inception dates.

³ Investment vehicles include California Emerging Ventures, California Emerging Ventures II, California Emerging Ventures III, California Initiative, and Corporate Partners Program.

⁴ The Venture Economics young fund universe information is preliminary. Venture Economics releases preliminary information to Wilshire and CalPERS when its database is at least 65% populated.

Quarterly and Semi-Annual Reports

AIM Program Semi-Annual Report (cont.)

- The performance of the Program's younger funds is affected by the "J-curve." The "J-curve" references the typical pattern of investment returns exhibited by private investments. This occurs because managers' investments are carried at cost until there is a tangible basis for changing an investment's valuation. The significant outperformance of the CalPERS' AIM Program in the face of the J-curve phenomenon is a function of well-rewarded deal selection.
- The Program's partnership funds represent the single largest investment category in which the Program is invested. The buyout investments ranked very favorably versus the partnership universe provided by Venture Economics, outperforming the universe median during almost all vintage years. Through December 31, 2007 the partnership funds yielded a return close to 14.6%. The buyout funds are classified in the Corporate Restructuring and the Expansion Capital investment categories in Exhibit II.
- Venture capital showed a positive IRR of 7.4 as of December 31, 2007. The historical median IRR with the exception of 1998 and 2002 has performed well in comparison to the venture capital universe.

Quarterly and Semi-Annual Reports

Securities Lending Earnings Report:

Earnings for the quarter ended March 31, 2008, are presented to the Investment Committee for information.

	Average Lendable Assets (\$000)	Average % on Loan	Earnings (Annualized)	Income to CalPERS (\$000)
Asset Class Earnings				
Global Equities	\$92,959,506	26.28%	15 bp	\$34,422
Global Fixed Income	\$32,024,572	46.24%	14 bp	\$11,556
Total Program Earnings	\$124,984,077			\$45,978
Unrealized loss on internal collateral reinvestment				(\$431,039) *
Total Program Earnings including unrealized loss				(\$385,061)

*Unrealized losses resulted from CalPERS use of mark-to-market accounting on the valuation of the internal cash pool, which is not market convention on collateral reinvestment pools.

Policy Violations:

Boston Global Advisors did not violate the policy during the first quarter of the calendar year.

eSecLending violated the policy during the first quarter of the calendar year when two Auto ABS holdings in their portfolio were downgraded from Aaa to A3. The two securities in question were rated Aaa by Moody's upon purchase, however after the downgrade it violated our policy requirement of a minimum Asset Backed Security rating of Aaa/AAA/AAA. Both violations are still held in the external reinvestment portfolios. Staff is currently working with eSecLending to maximize value on these holdings..

State Street Bank did not violate the policy during the third quarter of the calendar year.

The program also carried over violations from the prior quarter. The first, a violation of the overnight liquidity requirement of ten percent, occurred in the fourth quarter of last year. While balances have come back in the first quarter to approximately 8%, they have not stabilized above ten percent.

The additional carryover violations are due to Corporate Note rating downgrades in the external cash reinvestment portfolios. Two Corporate Note positions were downgraded in the previous twelve months and are still held in the external reinvestment portfolio. Staff is working with the manager to maximize value on these holdings.

Quarterly and Semi-Annual Reports

Securities Lending Earnings Report (cont.):

Results:

The securities lending program generated \$46 million of revenue for the quarter ended March 31, 2008, which is offset by an unrealized loss of \$431 million. Total program earnings including the unrealized loss were \$ (385) million. The average market value of securities on loan for the quarter was \$38.5 billion.

Quarterly and Semi-Annual Reports

Supplemental Income Plans Report:

CalPERS 457 Plan - During the 1st quarter ending March 31, 2008, the CalPERS 457 Plan experienced a \$27.0 million or 3.7% net decrease in assets for a total of \$696.1 million. During the same quarter, participant enrollment increased from 26,260 to 26,771 for a net increase of 511 participants; and, an increase of 13 new agency adoptions for a total of 640 contracting agencies.

State Peace Officers' and Firefighters' Defined Contribution Plan (POFF) -

For the first quarter ending March 31, 2008 the POFF Plan assets decreased 3.6% from \$353 million to \$340 million. The number of participants increased by 617 for a total of 39,851.

Supplemental Contributions Plan (SCP) - The SCP assets decreased 7.6% from \$23.1 million to \$21.4 million during first quarter ending March 31, 2008. The number of participants decreased by 0.7% from 742 to 737.

Investment Transactions

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 19)
- Sales – Internal Management (Page 20)
- Currency Hedge Portfolio Summary (Page 21)
- Currency Hedge Portfolio Transactions (Page 21)

Investment Transaction Information: (full reporting is available in the supplemental reporting document)

- Fixed Income Transactions
 - Internal Domestic
 - External International and High Yield
 - Special Mortgage Investment Program Transactions
 - High Yield Performance
- Equity Summary & Transactions
 - Internal Domestic
 - Corporate Actions
 - External Domestic
 - External International
- Internal Programs
 - AIM Program Transactions
 - Summary Listing of Capital Calls and Aggregate Distributions
 - AIM Program Investments Completed Under Delegation of Authority
 - Investment Summaries
 - Apollo Credit Opportunities Fund, \$1 billion commitment
 - Capital Like Fund II, LP, \$500 million commitment
 - TowerBrook Investors III, LP, \$300 million commitment
 - Yucaipa American Alliance Fund II, \$400 million commitment
 - Real Estate Transactions Summary
 - Dispositions Summaries
 - Buchanan Urban Investors II, LLC – Shadow Creek Town Center, CalPERS equity share \$30,340,566.00
 - Acquisitions Summaries
 - BlackRock Realty. – Villa Montanaro, CalPERS equity share \$22,285,889.00
 - LaSalle Investment Management – Baseline & Linden, CalPERS equity share \$7,125,000.00
 - RREEF/CalWest – 2390 Zanker Road, CalPERS equity share \$7,104,937.00
 - Real Estate Items Completed Under Delegation of Authority
 - Investment Summaries
 - No Items to Report

Investment Transactions

Investment Transaction Information (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- Internally Managed Derivative Transactions Summary
 - Investment Summaries
 - Futures purchases: \$4,646.7 million notional
 - Futures sales: \$4,609.7 million notional
- Risk Managed Absolute Return Strategies Program Transactions
 - Summary Listing of Investments and Redemptions
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No Items to Report
- Corporate Governance Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - Taiyo Cypress Fund, \$200 million commitment
 - Lazard Korea Corporate Governance Fund, \$100 million commitment

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

March 2008

PURCHASES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>ANNUALIZED YIELD</u>	<u>%OF LONG TERM PURCHASES</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	\$938.0	\$984.3	N/A	4.68%
<u>BONDS:</u>				
Utilities & Industrials	\$322.0	\$315.5	7.29%	1.50%
Sovereign	<u>337.5</u>	<u>344.1</u>	4.74%	<u>1.64%</u>
Total	659.5	\$659.6		3.13%
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	\$3,185.5	\$1,757.3	4.06%	8.35%
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	\$150.0	\$152.5	5.52%	0.72%
CMO	<u>114.7</u>	<u>102.9</u>	7.20%	<u>0.49%</u>
Total	\$264.7	\$255.4	6.19%	1.21%
<u>EQUITIES:</u>				
Common Stock		\$9,329.6	N/A	44.33%
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$2,314.8	N/A	11.00%
Domestic Common Stock		3,218.2	N/A	15.29%
International Fixed Income		<u>2,526.1</u>	N/A	<u>12.00%</u>
Total		\$8,059.1		38.29%
TOTAL PURCHASES:		\$21,045.3		100%

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

March 2008

SALES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	\$251.0	\$207.4	\$207.4	0.0
<u>BONDS:</u>				
Utilities & Industrials	\$196.1	\$207.0	\$194.9	-\$12.1
Sovereign	<u>311.2</u>	<u>312.4</u>	<u>320.1</u>	<u>7.7</u>
Total	\$507.3	\$519.4	\$515.0	-\$4.4
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	\$2,897.0	\$2,831.8	\$2,843.7	\$11.9
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	\$0.0	\$0.0	\$0.0	\$0.0
CMO	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	\$0.0	\$0.0	\$0.0	\$0.0
<u>EQUITIES:</u>				
Common Stock		\$3,583.6	\$3,747.6	\$164.0
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$5,423.8	\$5,799.2	\$375.4
Domestic Common Stock		4,662.1	4,441.6	-220.5
International Fixed Income		<u>3,583.6</u>	<u>3,747.6</u>	<u>164.0</u>
Total		\$13,669.5	\$13,988.4	\$318.9
TOTAL SALES:		\$20,811.7	\$21,302.1	\$490.4

Portfolio Summary and Transactions

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

March 2008

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$7,239.6	\$7,522.9
Total FX Sold	\$11,836.2	\$12,256.2

CURRENCY OPTIONS

Currency Puts	(\$114,216,662.7)	(\$114,216,662.7)
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

March 2008

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$6,196.7

<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$7,473.0

Affiliate Funds Reports

Staff has compiled the following Affiliate Funds Allocation Reports for the period ending April 30, 2008.

Annuitants' Health Care Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	5,484,134.28	2.25%	\$5,484,134.28	2.20%
DOMESTIC EQUITY	107,312,797.41	44.12%	\$109,388,148.86	43.84%
FIXED INCOME	62,599,524.90	25.74%	\$63,661,570.76	25.52%
INTERNATIONAL EQUITY	67,809,575.07	27.88%	\$70,964,976.49	28.44%
TOTAL	<u>\$243,206,031.66</u>		<u>\$249,498,830.39</u>	

CalPERS Health Care Bond Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
FIXED INCOME	\$ 356,739,512.70	100.00%	\$378,136,884.23	100.00%
TOTAL	<u>\$ 356,739,512.70</u>		<u>\$378,136,884.23</u>	

Judges' Retirement Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$2,975,281.76	100.00%	\$2,975,281.76	100.00%
TOTAL	<u>\$2,975,281.76</u>		<u>\$2,975,281.76</u>	

Affiliate Funds Reports

Judges II Retirement Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$4,509,182.28	1.54%	\$4,509,182.28	1.39%
DOMESTIC EQUITY	\$124,438,220.71	42.61%	\$140,842,250.20	43.48%
FIXED INCOME	\$108,022,429.56	36.99%	\$114,804,612.69	35.44%
INTERNATIONAL EQUITY	\$55,068,145.08	18.86%	\$63,754,294.42	19.68%
TIPS	\$0.00	0.00%	\$0.00	0.00%
TOTAL	<u>\$292,037,977.63</u>		<u>\$323,910,339.59</u>	

Legislators' Retirement Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$5,944.53	0.00%	\$5,944.53	0.00%
DOMESTIC EQUITY	\$35,664,747.14	28.41%	\$41,360,535.28	29.51%
FIXED INCOME	\$70,008,649.88	55.77%	\$75,637,199.75	53.97%
INTERNATIONAL EQUITY	\$12,301,383.82	9.80%	\$14,570,268.86	10.40%
TIPS	\$7,559,769.64	6.02%	\$8,573,939.22	6.12%
TOTAL	<u>\$125,540,495.01</u>		<u>\$140,147,887.64</u>	

Long Term Care Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$122,112.38	0.01%	\$122,112.38	0.01%
DOMESTIC EQUITY	\$701,897,406.80	33.15%	\$808,993,322.90	33.83%
FIXED INCOME	\$925,327,743.09	43.70%	\$1,008,944,550.07	42.19%
INTERNATIONAL EQUITY	\$387,677,921.19	18.31%	\$457,370,183.28	19.13%
TIPS	\$102,328,123.82	4.83%	\$115,830,628.83	4.84%
TOTAL	<u>\$2,117,353,307.28</u>		<u>\$2,391,260,797.46</u>	

Affiliate Funds Reports

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$5,969,378.45	100.00%	\$5,969,378.45	100.00%
TOTAL	<u>\$5,969,378.45</u>		<u>\$5,969,378.45</u>	

Supplemental Contribution Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	471,240.39	2.63%	\$471,240.39	2.27%
DOMESTIC EQUITY	8,905,391.26	49.70%	\$10,676,686.84	51.41%
FIXED INCOME	5,200,421.49	29.03%	\$5,632,261.34	27.12%
INTERNATIONAL EQUITY	3,339,624.14	18.64%	\$3,987,615.37	19.20%
TIPS	0.00	0.00%	\$0.00	0.00%
TOTAL	<u>\$17,916,677.28</u>		<u>\$20,767,803.94</u>	